

Understanding Property Taxes: What Current & Future Kirkland Residents Should Know



Current City residents often inquire about how property taxes are established, imposed, and distributed. With the annexation of Finn Hill, North Juanita and Kingsgate taking effect on June 1, 2011, residents in these areas may be wondering when a portion of their property taxes will be directed to the City. The City offers the following information to help current and future Kirkland residents gain a better understanding about the property tax levy and property tax rate.

Property Tax Levy vs. Property Tax Rate

The property tax **levy** is the total dollars in property tax revenue the City of Kirkland collects in a year, which by law can only increase 1% each year plus taxes from the increased value of new construction. The property tax **rate** is determined by taking the total levy dollars and dividing it by the total property value in the City, resulting in a rate per \$1,000 of assessed valuation. The rate is then applied to every \$1,000 of each property's value which then determines the amount of taxes a property owner pays. The assessed valuation is determined by the King County Department of Assessments.

The equation would look something like this:

$$\frac{\text{PROPERTY TAX LEVY DOLLARS}}{\text{TOTAL VALUE OF ALL PROPERTY IN KIRKLAND}} = \text{TAX RATE APPLIED TO EACH \$1,000 OF ASSESSED VALUE}$$

King County Determines a Property's Assessed Value

The King County Assessor is responsible for valuing all personal and real property in the county. The Assessor's goal is equalization of property values to ensure that the tax burden is distributed fairly and equitably among property owners.

Assessed valuation is composed of new construction and revaluation of existing properties. Most residential property is assessed each year at its full market value, which is defined as the amount a buyer, willing but not obligated to buy, would pay to a seller willing but not obligated to sell. For residential parcels, fair market value is determined by analyzing recent sales of comparable properties in the same area.

More information on how King County establishes assessed valuation can be found at www.kingcounty.gov/assessor.

City Required to Set Property Tax Levy Each Year

State law requires that the City Council set (by ordinance) the property tax levy each year once data is received from King County. In December 2010, as part of its adoption of the 2011-2012 Budget, the City Council established the property tax levy for 2011 which applies only to current Kirkland residents. The total property tax levy for Kirkland is \$14.9 million, which equates to a rate of \$1.39 per \$1,000 of assessed valuation. This is only about 15% of the total property tax rate paid by property owners within the City limits.

The total property tax bill includes payments to the following taxing districts in addition to the City of Kirkland: State School Fund, King County, Port District Emergency Medical Services, Lake Washington School District, King County Library District, Ferry District, King County Flood Control District, and the Hospital District.

For a home with an assessed valuation of \$495,000, applying the City levy rate of \$1.39 per \$1,000 equates to annual property tax of \$688 paid to the City. This amount includes an increase of approximately \$6 related to the 1% levy increase. The increase helps keep pace with cost increases in providing services including police, fire, emergency medical, parks, and infrastructure maintenance. Property tax is the second largest source of revenue for general fund city services.

Property Taxes in the Annexation Area

The City of Kirkland will not begin levying or receiving property taxes from the annexation area until 2012. In 2011, annexation area property owners will continue to pay property taxes to the taxing jurisdictions that were in place before annexation, including the King County Road Levy and taxes to either Fire District #41 or #36, as well as the other jurisdictions listed earlier. A prorated share of the Road Tax and the fire district levies collected after the annexation effective date will transfer to the City in 2011 only to pay for those services.

For more information:

City of Kirkland Finance & Administration Department
425-587-3100

www.ci.kirkland.wa.us/finance

King County Department of Assessments
206-296-7300

www.kingcounty.gov/assessor